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"United States-Canada Trade and Tourism"

Max S. Baucus

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Record Type*: **Speeches & Remarks**

MONTH/YEAR of Records*: **June-1980**

(Example: JANUARY-2003)

(1) Subject*: **Trade**

(select subject from controlled vocabulary, if your office has one)

(2) Subject* **United States - Canada Trade and Tourism**

DOCUMENT DATE*: **06/30/1980**

(Example: 01/12/1966)

* "required information"



BAUCUS

UNITED STATES - CANADA TRADE & TOURISM

PAPERS AND ADDRESSES

FROM A

CONFERENCE

~~CO~~SPONSORED BY

The Honorable Thomas L. Judge, Governor of Montana

The Honorable Ted Schwinden, Lt. Governor of Montana

The Honorable Max Baucus, United States Senator

Great Falls, Montana

June 30, 1980

Approved by

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REMARKS BY GOVERNOR THOMAS L. JUDGE TO CANADIAN
AMERICAN REGIONAL TOURISM CONFERENCE, GREAT
FALLS, JUNE 30, 1980

It is a pleasure for me as Governor to welcome our friends from British Columbia, Alberta Saskatchewan, Washington, Idaho and the Canadian and American federal governments to Montana for this trade and tourism conference. It is a special pleasure to welcome our ambassador to Canada, Ken Curtis, who is a personal friend, and to thank him again for the hospitality that he showed me last fall in Ottawa.

The border between our two countries is the longest unguarded frontier in the world. It represents the peace that has prevailed for two centuries, the common purposes of our governments and the friendship of good neighbors. It is also the gateway for billions of dollars in trade that is exchanged between our two countries.

duty free.

During this conference, we will be investigating methods of increasing the volume of trade between the western provinces and states. Positive directions have been established at the national level through the multilateral trade agreements and I believe we should capitalize on this opportunity by emphasizing regional trade and travel promotion.

As Governor, I have been a determined advocate of regionalism. I have worked to establish the Western Governors Policy Office, a coalition of 11 western states and to expand the activities of this organization into foreign market development by creating an international trade commission to represent the region.

The 11 states represented in WESTPO comprise a vast coastal and inland empire which is 41 per cent of the total land mass of the United States. If you consider the 11 states as a

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the world in developed uranium resources.

This region has the resources, the productive capacity, the initiative and the potential to be a powerful force in international trade. And we are beginning the process of identifying markets for regional products all around the world.

I believe the first place we should look is Canada, and we should begin today to connect products with markets on both sides of the border. Montana and Alberta have been good trading partners for years. Our state sells agriculture products, lumber, minerals, chemicals and machinery across the border and we buy natural gas, metal concentrates, farm equipment and livestock. And I believe the economic connection between Alberta and Montana was proven last summer when we negotiated a crude oil exchange which ended a diesel fuel shortage in our state.

trade in this region.

Tourism is a specific area where there are fascinating prospects for cooperative enterprise.

In Montana we are adapting to the changes imposed on the travel industry by both the facts and fears of the fuel shortage. We are emphasizing regional markets in our travel promotions, encouraging people from the surrounding area, including our Canadian neighbors to enjoy a vacation in their own back yard. We are also concentrating on foreign tours, reaching out to travellers from Europe, Japan, and other nations to market the attractions of the old west. And I believe that foreign tour promotion is one area where Canadian-American cooperation could be particularly beneficial.

Our mutual advantage in travel promotion is the beautiful scenery, romantic history, unique culture and exciting recreation of the

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Foundation would be an investment in a vital regional industry that will return substantial and lasting dividends. It will also represent important progress toward regional cooperation on problems and possibilities that can be most effectively managed by joining hands across the border.

Thank you.

//

WE CAN DO A BETTER JOB OF PROMOTING TRADE BETWEEN OUR TWO NATIONS, AND OUR PURPOSE TODAY IS TO EXPLORE METHODS OF BREAKING DOWN THE BARRIERS TO COMMERCE ACROSS THE BORDER, TO IDENTIFY PRODUCTS AND MARKETS AND TO ESTABLISH A FOUNDATION OF COOPERATION.

THE PROPOSED INTERNATIONAL TOURISM FOUNDATION IS A GOOD PLACE TO BEGIN. THE COMMON ADVANTAGE OF OUR STATES AND PROVINCES THAT IS MOST APPARENT IS THE BEAUTY OF THE LAND FROM THE PACIFIC OVER THE TOWERING MOUNTAINS AND ACROSS THE ENDLESS PRAIRIES, THE SHARED HISTORY OF THE FRONTIER AND THE EXCITING VARIETY OF RECREATION.

THE TRAVEL BUSINESS HAS BEEN CHANGED FOREVER BY THE ENERGY SHORTAGE. THE ENTERPRISES THAT WILL SURVIVE AND PROSPER ARE THOSE THAT CAN ADAPT TO THESE NEW CONDITIONS. WE MUST EMPHASIZE GROUP TOURS, PUBLIC TRANSPORTATION AND NEARBY MARKETS IN OUR TRAVEL PROMOTIONS, AND REMEMBER THAT THE CROSS COUNTRY VACATION IN THE FAMILY STATION WAGON HAS COLLIDED WITH THE ECONOMICS AND PSYCHOLOGY OF THE GASOLINE SHORTAGE.

IN MONTANA THIS SUMMER, WE ARE ENCOURAGING THE PEOPLE OF THE STATE TO ENJOY A VACATION IN THEIR OWN BACKYARD -- TO SAVE ENERGY AND DISCOVER THE ATTRACTIONS THAT ARE CLOSE TO HOME. THIS CONCEPT COULD BE APPLIED REGIONALLY BY EXPANDING THE DIMENSIONS OF OUR BACKYARD TO INCLUDE MARKETS AND ATTRACTIONS ON BOTH SIDES OF THE BORDER.

THIS CORNER OF THE CONTINENT (THAT WE HAVE THE PRIVILEGE TO CALL HOME) OFFERS MORE SPECTACULAR SCENERY AND EXCITING RECREATION THAN ANY PLACE ON EARTH. AN INTERNATIONAL TOURISM FOUNDATION WILL BE AN EFFECTIVE METHOD TO CAPITALIZE ON THESE COMMON ADVANTAGES.

REMARKS BY
SENATOR MAX BAUCUS
UNITED STATES-CANADA TRADE & TOURISM CONFERENCE
GREAT FALLS, MONTANA
JUNE 30, 1980

GOOD MORNING. I AM VERY PLEASED TO SEE SO MANY OF YOU HERE THIS MORNING.

THERE IS AN OLD SAYING THAT WHENEVER THE UNITED STATES SNEEZES, CANADA CATCHES COLD. I'M NOT SURE I WOULD AGREE COMPLETELY WITH THAT COMMENT. BUT I THINK IT DOES TELL US SOMETHING ABOUT THE PROBLEMS WE FACE.

THE RELATIONSHIP BETWEEN THE UNITED STATES AND CANADA HAS NOT ALWAYS BEEN ALL THAT CLOSE. MANY IN OUR COUNTRY LOOK WITH GREEDY EYES ON THE RICH ENERGY RESOURCES FOUND JUST ACROSS THE BORDER. SOME AMERICANS RESENT CANADIANS FOR CHARGING TOP DOLLAR FOR THESE RESOURCES. LIKEWISE, MANY CANADIANS RESENT AMERICANS FOR THEIR LACK OF UNDERSTANDING OF CANADA.

YET DESPITE THESE PROBLEMS, THERE ARE MANY HOPEFUL DEVELOPMENTS. STATES AND PROVINCES HAVE LEARNED THAT THEY CAN JOIN TOGETHER IN EFFORTS TO SOLVE MUTUALLY SHARED PROBLEMS AND TO WORK OUT ECONOMIC DIFFERENCES. INDEED, A STATE DEPARTMENT STUDY REVEALED LITERALLY HUNDREDS OF STATE-PROVINCIAL AGREEMENTS ON A WIDE VARIETY OF SUBJECTS, RANGING FROM REGULATION OF COMMERCE TO JOINT FIRE FIGHTING AGREEMENTS

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: THE UNITED STATES AND CANADA ARE PRODUCTS WITH TREMENDOUS INTERNATIONAL APPEAL AT THIS TIME. THEY ARE EASILY OBTAINABLE AND ARE BEING SOLD AT A PRICE WHICH IS CONSIDERABLY CHEAPER THAN THE COMPETITION. WE SHOULD TAP THAT POTENTIAL TOGETHER.

TRADE IS ANOTHER AREA OFFERING EXCELLENT POSSIBILITIES FOR COOPERATION.

ALTHOUGH LESS RELIANT ON FOREIGN ENERGY THAN THE UNITED STATES, CANADA IS MORE DEPENDENT ON FOREIGN TRADE. EXPORTS MAKE UP ALMOST 25 PERCENT OF CANADA'S GNP.

WHILE TRADE CONTRIBUTES A FAR SMALLER PERCENTAGE TO UNITED STATES GNP, THE ASTRONOMICAL TRADE DEFICITS WE HAVE BEEN EXPERIENCING HELP FUEL INFLATION, THREATEN THE RELATIVE VALUE OF THE DOLLAR IN WORLD MARKETS, IMPERIL LARGE NUMBERS OF AMERICAN JOBS AND SERIOUSLY COMPLICATE DOMESTIC ECONOMIC POLICY-MAKING. WE HAVE HAD 49 CONSECUTIVE MONTHS OF DEFICITS AND THE \$13.5 BILLION DEFICIT REGISTERED IN THE FIRST QUARTER OF 1980 IS 40 PERCENT AHEAD OF LAST YEAR.

NORTH AMERICAN TRADE

FOREIGN TRADE POLICY IN THE UNITED STATES AND CANADA CUTS ACROSS A NUMBER OF COMPLEX AND SOMETIMES CONFLICTING NATIONAL AND INTERNATIONAL INTERESTS.

• HERE IN THE UNITED STATES WE FACE DOUBLE DIGIT INFLATION, DECLINING PRODUCTIVITY, AND THE PROSPECT OF A STEEP RECESSION. A COMPREHENSIVE ECONOMIC AND INDUSTRIAL POLICY REMAINS ELUSIVE.

LIKEWISE, CANADA FACES ECONOMIC AND INDUSTRIAL PROBLEMS NO LESS SEVERE AND SENSITIVE.

REGIONAL RELATIONSHIPS REPRESENT ONE WAY TO STRENGTHEN BOTH OUR ECONOMIES. CLOSER TIES BETWEEN OUR STATES AND PROVINCES WILL PAY DIVIDENDS FOR YEARS TO COME.

THE TASK WILL NOT BE AN EASY ONE. THE CHALLENGES ARE FORMIDABLE. BUT I HOPE THAT AS WE PROCEED TODAY WE WILL REMEMBER THAT WE ARE CREATING THE FOUNDATIONS FOR A LONG RELATIONSHIP.

I BELIEVE THE BENEFITS OF US BANDING TOGETHER TODAY TO PROMOTE OUR COLLECTIVE ASSETS FOR ATTRACTING FOREIGN TOURISTS FAR OUTWAY THE MINIMAL PROBLEMS THAT MAY EXIST AMONG OUR STATES AND PROVINCES. I CALL UPON YOU TO SUBMERGE THOSE DIFFERENCES TODAY, TO CONCENTRATE ON OUR COMMONALITIES AND TO FINISH THIS CONFERENCE WITH A FIRM PLAN AND AN AGENDA THAT WILL BIND US TOGETHER MORE CLOSELY.

Notes for a Speech by Robert E. Herzstein
Under Secretary for International Trade
U.S. Department of Commerce

before the
U.S.-Canada Trade and Tourism Conference
Great Falls, Montana

June 30, 1980

I would like to thank Senator Baucus for his invitation to join you today in your discussions on U.S.-Canadian relations in trade and tourism. Our two nations enjoy the luxury of being able to build our future relationship on a variety of cohesive links that go back to the origins of our countries. Common cultural and historical ties give us a mutuality of perspective on many matters. And, significantly, in economic matters we share a common dedication to free market principles, both within our countries and in trade with other nations -- a dedication that we hope will not be eroded in the period ahead.

Our problems in the next decade are quite similar. We can both expect to be grappling with the twin challenges of inflation and unemployment. We both also face an increasingly competitive global economy. We are both experiencing a growing need for major

what kind of economy we want in 1990 and what kind of basic Canadian-American economic links we should fashioning.

Trade between our two countries is now over \$70 billion a year and climbing steadily. Yet, I was interested to learn that while my agency, the International Trade Administration, is charged with the responsibility of promoting U.S. exports, we do relatively little to promote our trade with Canada. I was told that U.S.-Canadian trade, in effect, takes care of itself.

We are by far each other's most important trading partner:

- About 20 percent of all U.S. exports go to Canada.
- Seventy percent of Canada's exports come into the United States.
- Automotive products account for a very large part of that trade--about \$22 billion of our bilateral trade of near \$70 billion.

Direct investment between our two countries is also substantial:

- During the 1970's, U.S. direct investment in Canada rose almost to \$40 billion -- about 25 percent of total U.S. direct investment abroad and one-third of U.S. investment in industrialized countries.

competing enterprises. Both countries helped to establish this approach in international agreements during the early post-war era, and we have worked together to nurture it further in the recent Multilateral Trade Agreements.

Over the past 100 years the U.S. and Canada have pursued closer economic cooperation. A number of times, our two countries have examined the possibility of establishing a free trade area. It is not widely known that the U.S. and Canada actually negotiated two free trade agreements. The first, prior to Confederation, was ratified. It was, however, terminated twelve years later, in 1866, due partly to the rise in Canadian tariffs and partly because of Civil War problems. In 1910, another attempt was made to reach a free trade agreement. That ended when the Canadian Government fell over the issue! The last serious talks on this subject were held briefly in 1948.

In fact, despite our natural affinity and the growth of substantial economic ties, we have had a relative lack of formal bilateral mechanisms or institutions governing our economic relations. We do not even have a Treaty of Friendship, Commerce and Navigation. Our relationship has evolved largely through private

that area. Senator Baucus, as many of you know, was instrumental in this action. The Department of Commerce is responsible for conducting the portion of the study concerning Canada, which will be submitted to the Congress by July 1981.

As we begin this decade, Canada and the United States face new strains, created by economic change in the global economy. Inflation, rising unemployment, declining productivity, and industrial competition from third countries with different government-industry structures put stresses on our economies. In response, our nations have begun to move in the direction of increased governmental programs designed to stimulate or change the direction of private economic and industrial behavior. However, programs of "industrial policy" designed to increase global competitiveness could create or exaggerate strains between our two countries if we do not take care to coordinate our efforts.

To assure that the adjustments we make in the period ahead are considerate of both nations' interests, closer and more extensive consultation will have to be sustained. Instead of establishing new mechanisms for this purpose, it is preferable to base our future economic links on a set of principles to which policymakers can refer in their search for a balance. These will provide governments

agreements, the Government Procurement Code and the Standards Code. If successfully implemented, these codes will effectively open up new markets for our products. By the same token, they will commit us to opening our markets and will bring the benefits of improved competition -- as well as the adjustments such competition will require.

We are discovering that, within a market enterprise system, government policies can facilitate trade and stimulate entrepreneurial efforts, innovation, and investment. Some nations are attempting to use tax, financial, regulatory, and trade policies to encourage the growth of some industries and the retirement of others. Such efforts must be conducted in a way which does not put competing industries in other countries at an unfair disadvantage, and does not introduce permanent economic distortions in the world economy. Attention to these principles of civilized behavior is particularly important between the U.S. and Canada since our economies are so heavily intertwined that industry measures in either country will have their greatest extraterritorial impact in the other.

It seems to me that it would be especially useful for our governments to consider positive adjustment and industry revitalization measures in a North American context. We could attempt, as we have not really done before, to coordinate government policies that stimulate industry growth and productivity, or that facilitate the phase-out of uneconomic and outdated facilities. The benefits would be two-fold: (1) Both of our economies would enjoy the benefits of improved efficiencies on either side of the border; and (2) together we would be better equipped to meet competitive challenges from third countries, such as Japan.

I recognize that these comments may cause me to be accused of blatant and unforgiveable "continentalism." Some of the Americans in this audience might ask "what is that." It is, I am told, an infectious organism to which Canadians are especially allergic, but which Americans are said to consider rather pleasurable -- even when the infection reaches a high fever.

In my defense, let me hasten to state that the positive economic cooperation I am suggesting would be rather rudimentary and would, of course, be planned with careful attention to Canada's special concern that its economic dependence on the U.S. not be increased

Economic Development Administration (EDA) within the Department of Commerce is responsible for a similar objective in the U.S. EDA provides assistance to the most distressed urban and rural areas. It tries to develop a partnership among states, localities, and the private sector to attract private investment, to retain and create jobs, and to promote long-term stability and growth.

However, it is crucial to remember that special assistance to disadvantaged regions is intended to help those regions grow within the overall global system. And, we must be aware that, unless we are careful, programs designed to attract industries into depressed areas in either of our countries may result in economic distortions and unfair competitive impacts on existing industries that do not enjoy the benefits of such programs.

Canada's concern with its geographic location, which is relatively less favorable for some kinds of industrial development, is understandable. So is its concern with its current stage of development and the desirability of achieving a balance in future development. But pursuit of that concern must be tempered by the need to avoid the uneconomic excesses I have mentioned.

It is also necessary, for our mutual sanity, to avoid extreme

Outstanding examples of cooperative efforts in regional development can be found in tourism. The Pacific Northwest Travel Association has at one time or another brought together two Canadian provinces -- British Columbia and Alberta -- and four U.S. states -- Montana, Idaho, Washington, and Oregon -- as members. The U.S. Commerce Department through the Pacific Northwest Regional Commission and the Old West Regional Commission has been actively engaged in tourist promotion over the years, with heavy attention to promoting international travel into this bi-nation area.

More recently, regional and local governments in Atlantic Canada and the New England region have begun to explore a joint approach to tourism promotion in the border area.

Let me turn now to some of the problems we face today.

These issues are complicated and I do not intend to solve them, but rather to suggest some questions and possibly an approach toward their solution.

The first one is investment. The Canadian Government is considering changes in its foreign investment policy. It has pledged to enhance the scope and authority of the Foreign Investment

A second topic, the North American automotive industry, was discussed recently when the Canadian Minister of Industry, Trade and Commerce, Herbert Gray, visited Washington. The talks were quite useful and provided the foundation for a continuing dialogue on this crucial and complex matter. At the risk of oversimplifying the issues, Ottawa is concerned that the industry does not produce, invest, or employ skilled workers to the degree that Canadian consumption warrants. Canada also would like to see more research and development work done in Canada. Canada's concern for regional development in this important industry is evident and is, of course, entitled to respect and careful attention. The United States, on the other hand, wants the North American industry to become more competitive and not be forced to make uneconomical decisions. If North America automotive producers are required, as a result of pressures of Auto Pact requirements, to increase costs, our industry's recovery will be retarded and prospects for international competitiveness diminished. Plainly in the current global auto market, there is a strong mutual interest in achieving all possible production efficiencies.

There are many other interesting and important problems affecting our economic relations -- including, for example, the fisheries and border broadcasting issues. There are also other

SPEECH BY

HONOURABLE J. ALLEN ADAIR

MINISTER OF TOURISM AND SMALL BUSINESS
GOVERNMENT OF THE PROVINCE OF ALBERTA, CANADA

TO

CANADA/U.S. TRADE & TOURISM CONFERENCE

JUNE 30, 1980

GREAT FALLS, MONTANA

LADIES AND GENTLEMEN: IT IS A PLEASURE TO COME TO GREAT FALLS TO RATHER INFORMALLY DISCUSS MEANS OF ENHANCING TRADE AND TOURISM BETWEEN OUR REGIONS. IT IS AN HONOUR FOR ME TO BE ASKED TO PROVIDE A CANADIAN PERSPECTIVE. WHILE I WILL ATTEMPT TO COVER SOME OF THE INTERESTS OF WESTERN CANADIANS, I AM SURE THAT YOU WILL APPRECIATE THE FACT THAT MY COMMENTS PRIMARILY WILL REFLECT THE VIEWS OF THE GOVERNMENT OF ALBERTA.

PREMIER LOUGHEED HAS ASKED ME TO CONVEY TO YOU HIS REGRETS THAT HE WILL NOT BE ABLE TO ATTEND THIS IMPORTANT CONFERENCE. HE PARTICULARLY ENJOYED HIS MEETINGS WITH THE WESTERN GOVERNORS, INCLUDING GOVERNOR JUDGE AND GOVERNOR EVANS, IN SUN VALLEY LAST JUNE AND FOUND THAT SESSION TO BE VERY PRODUCTIVE. HE WAS ALSO PLEASED TO DISCUSS A VARIETY OF ISSUES WITH SENATOR BAUCUS LAST OCTOBER IN WASHINGTON. PREMIER LOUGHEED ASKED ME TO STRESS TO YOU THE IMPORTANCE TO ALBERTA OF CANADA/U.S. RELATIONS. HE ALSO REFERRED TO THE RECENT VISIT OF GOVERNOR MATHESON OF UTAH WHO CAME TO ALBERTA LAST WEEK TO DISCUSS MEGA-PROJECT MANAGEMENT AND ENVIRONMENTAL, MEDICAL, MANPOWER AND EDUCATIONAL PLANNING. WE WERE ALSO DELIGHTED TO HOST GOVERNOR EVANS LAST WEEK AND TO DISCUSS WITH HIM TOURISM MATTERS. WE WELCOME SUCH INTERCHANGES AND ARE ENCOURAGED BY THIS INCREASED LEVEL OF COMMUNICATION BETWEEN THE LEADERS OF THE WESTERN STATES AND OUR WESTERN PROVINCES.

BEFORE MOVING ON TO TRADE AND TOURISM, I WOULD LIKE TO HIGHLIGHT A FEW POINTS ABOUT CANADA AND CANADIAN-AMERICAN RELATIONS.

CANADA IS IN SEVERAL FUNDAMENTAL RESPECTS VERY DIFFERENT FROM THE UNITED STATES. GOVERNMENTAL RESPONSIBILITY IN OUR COUNTRY IS FAR MORE DE-CENTRALIZED THAN IN YOURS. THE FACT THAT THE OWNERSHIP OF RESOURCES RESIDES WITH THE PROVINCES IS OF INCREASING IMPORTANCE AS RESOURCE PRICES CONTINUE TO

I WOULD LIKE TO SAY A FEW WORDS ABOUT THE ALBERTA ECONOMY AND OUR GOVERNMENT'S ECONOMIC POLICIES. WESTERN CANADA IS BY FAR THE MOST DYNAMIC REGION IN CANADA. IT IS FORECASTED THAT 85% OF ALL CANADIAN ECONOMIC GROWTH IN 1980 WILL BE GENERATED IN THE PROVINCES OF BRITISH COLUMBIA, ALBERTA AND SASKATCHEWAN. VIRTUALLY ALL PROJECTIONS SUGGEST THE BASIC UNDERLYING ECONOMIC MOMENTUM OF THE REGION WILL CONTINUE THROUGHOUT THE 1980'S. INTERNATIONAL ENERGY DEVELOPMENTS ARE ALMOST PRODUCING A "FORCED GROWTH" SITUATION IN ALBERTA. THE PROVINCIAL POPULATION IS OVER 2 MILLION AND GROWING AT 3-3 1/2% PER ANNUM, TWICE THE NATIONAL AVERAGE IN CANADA AND THREE TIMES THAT OF THE UNITED STATES. OUR DEPARTMENT OF ECONOMIC DEVELOPMENT ESTIMATES THAT 120 BILLION DOLLARS WORTH OF INVESTMENTS WILL OCCUR DURING THE 1980'S IN ALBERTA AND THAT THE POPULATION WILL GROW BY 45% TO 3 MILLION PEOPLE. THESE ARE STAGGERING FIGURES. CAPITAL INVESTMENT PER CAPITA ALREADY IS OVER \$3,000 PER YEAR. GIVEN THIS BACKGROUND THERE CAN BE LITTLE QUESTION THAT THIS WILL PRESENT NEW OPPORTUNITIES FOR BUSINESSMEN IN NEIGHBOURING PROVINCES AND STATES. SIMILARLY INCOMES OF ALBERTANS ARE RISING QUITE RAPIDLY. OUTPUT PER CAPITA IN ALBERTA IS 50% HIGHER THAN THE NATIONAL AVERAGE AND ALBERTANS HAVE THE HIGHEST REAL DISPOSABLE INCOMES IN CANADA. AS A CONSEQUENCE, TRAVEL TO NEIGHBOURING AREAS IS INCREASING. ONE GOOD INDICATION OF THIS IS THE NUMBER OF ALBERTANS OWNING COTTAGES IN WHITEFISH AND KALISPELL. BRITISH COLUMBIA AND SASKATCHEWAN ARE ALSO SHARING IN THIS SUSTAINED BOOM.

ALBERTA'S RESOURCE BASE IS VERY LARGE. THE PROVINCE POSSESSES 85% OF CANADA'S OIL RESERVES, AND MUCH OF THE REMAINDER IS IN SASKATCHEWAN.

ON THE INDUSTRIAL SIDE, PETROCHEMICAL DEVELOPMENTS ARE ONE OF OUR PRIME OBJECTIVES. BECAUSE OF AMPLE FEEDSTOCKS, WORLD-SCALE PLANTS AND THE CANADIAN-U.S. DOLLAR DIFFERENTIAL, ALBERTA PETROCHEMICALS HAVE BECOME INCREASINGLY COST COMPETITIVE. BUT MARKET ACCESS FOR ALBERTA'S PETROCHEMICALS, PARTICULARLY INTO THE UNITED STATES, IS A KEY ELEMENT. THE SUPPORT GIVEN TO ALBERTA'S OBJECTIVES IN THIS FIELD BY YOUR STATES HAS BEEN MORE WELCOMED AND GRATIFYING. IN THE FUTURE, ALBERTA WILL CONTINUE TO PRESS FOR REDUCED TRADE BARRIERS FOR CANADIAN GOODS ENTERING THE UNITED STATES AND IN THE INTEREST OF RECIPROCITY, FOR A FREER FLOW OF AMERICAN GOODS INTO CANADA. ALL OF THE WESTERN PROVINCES HAVE STRONGLY SUPPORTED THE POSITION THAT FREER INTERNATIONAL TRADE IS A CRUCIAL BUILDING BLOCK TO A HEALTHIER ECONOMY. I CERTAINLY HOPE YOU SHARE THIS VIEW AND WILL PRESS FOR MORE OPEN MARKET ACCESS. I BELIEVE SUCH A POSITION IS IN THE INTERESTS OF ALL OF THE STATES AND PROVINCES.

AS I NOTED EARLIER CONSIDERABLE TRADE EXCHANGE BACK AND FORTH BETWEEN BETWEEN THE RESPECTIVE PRIVATE SECTORS IS OCCURRING ALREADY. THIS IS ESPECIALLY TRUE IN RELATION TO AGRICULTURAL PRODUCTS AND FARM MACHINERY. SOME MONTANA RAPESEED PRODUCTION IS BEING PROCESSED IN ALBERTA PLANTS. UNDER CONSIDERATION IS AN IRON CONCENTRATOR TO BE LOCATED IN MONTANA TO SUPPLY A STEEL MILL IN ALBERTA. CO-OPERATION IN COAL GASIFICATION AND LIQUIFACTION COULD BE VERY HELPFUL. IN AGRICULTURE, WHEN GRAINS ARE EXCLUDED, THE UNITED STATES IS ALBERTA'S LARGEST MARKET. UNQUESTIONABLY, AMERICAN FARMERS ARE OUR MAJOR COMPETITORS IN CANADA AND IN FOREIGN MARKETS. HOWEVER, WE ARE HOPEFUL THAT BILATERAL TRADE IN THIS SECTOR WILL CONTINUE TO EXPAND AND THAT FURTHER ECONOMIES OF SCALE CAN BE REALIZED.

INTERESTING DEVELOPMENT FOR US BECAUSE AMERICAN FIRMS AND PERSONNEL CONTRIBUTED SIGNIFICANTLY TO THE ORIGINAL DEVELOPMENT OF ALBERTA'S OIL AND GAS INDUSTRY. WE ARE PLEASED THAT ALBERTA IS NOW ABLE TO CONTRIBUTE IN TURN TO THE DEVELOPMENT OF AMERICAN ENERGY SUPPLIES.

I WOULD NOW LIKE TO TAKE A FEW MINUTES TO PROVIDE AN OVERVIEW OF WHERE WE IN ALBERTA STAND RELATIVE TO OUR TOURISM INDUSTRY. TOURISM IS AN INDUSTRY OF CONSIDERABLE IMPORTANCE TO THE PROVINCE OF ALBERTA. IN 1979, TOURISM REVENUES TO THE PROVINCE EXCEEDED ONE BILLION DOLLARS, WITH ALMOST 100 MILLION DOLLARS OF THIS COMING FROM YOU, THE AMERICAN TOURIST.

THE GOVERNMENT OF ALBERTA HAS IDENTIFIED TOURISM AS A KEY COMPONENT OF OUR INDUSTRIAL STRATEGY. THE PROVINCE HAS CONSIDERABLE POTENTIAL FOR DEVELOPMENT IN BOTH THE MOUNTAIN AND PRAIRIE REGIONS. IN PARTS OF OUR NORTH, WE HAVE EXCELLENT FISHING; IN THE EASTERN PART OF THE PROVINCE WE HAVE NUMEROUS LAKES AND RELATED RECREATIONAL OPPORTUNITIES; CLOSER TO YOUR STATES WE HAVE AN AREA REFERRED TO AS THE BADLANDS; AND TO THE WEST THE COLORFUL CANADIAN ROCKY MOUNTAINS. THE SOUTHEASTERN PORTION OF THE PROVINCE OFFERS TWO PROVINCIAL PARKS - CYPRESS HILLS AND DINOSAUR, THE LATTER JUST RECENTLY PLACED ON THE UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION (OTHERWISE KNOWN AS UNESCO) WORLD HERITAGE LIST. THIS IS THE FIRST SUCH DESIGNATION IN ALBERTA, FOURTH IN CANADA, AND THE FIRST INTERNATIONALLY RECOGNIZED HERITAGE SITE UNDER THE JURISDICTION OF ANY PROVINCIAL GOVERNMENT.

OUR CURRENT EFFORTS ARE DIRECTED TOWARDS ENCOURAGING THE DEVELOPMENT OF NEW DESTINATION AREAS IN THE PROVINCE AS WELL AS NEW PRODUCTS - SUCH AS COUNTRY VACATIONS, TRAILRIDING, FLY-IN FISHING OPPORTUNITIES, SKIING, ETC.

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ON THE PROMOTIONAL SIDE, WE HAVE BEEN INVOLVED IN SOME AMBITIOUS UNDERTAKINGS. WE ARE CURRENTLY IN THE FINAL YEAR OF A THREE-YEAR PROGRAM DESIGNED TO ENTICE ALBERTANS TO "STAMP AROUND ALBERTA". THE RESULTS HAVE BEEN MOST GRATIFYING AND WE ARE CURRENTLY DOCUMENTING THE PROGRAM, INCLUDING WHAT WE DID RIGHT AND WHAT WE MAY HAVE DONE WRONG. THIS SHOULD BE A VALUABLE DOCUMENT PARTICULARLY AS RESIDENT TRAVEL MAY BECOME INCREASINGLY IMPORTANT TO ALL OF US IF CURRENT ENERGY TRENDS CONTINUE.

WE ARE TAKING A CLOSER LOOK AT THE ENERGY SITUATION AND WHAT IT WILL MEAN FOR ALBERTA AND MORE GENERALLY, CANADA. IN ALBERTA, WE HAVE WITNESSED A DECLINE IN CERTAIN TYPES OF TRAVEL WHICH DEPEND HEAVILY ON THE AVAILABILITY AND PRICE OF FUEL. AS THE SITUATION IS LIKELY TO CHANGE RAPIDLY IN COMING YEARS WE WILL HAVE TO BE PREPARED TO ADJUST AND PLAN FOR A NEW STRATEGY.

SHIFTS IN TRAVEL TRENDS ARE OCCURRING. AS AN INDICATION OF THE CHANGES TO DATE, AMERICAN TRAFFIC TO ALBERTA HAS DECLINED CONSISTENTLY SINCE 1976. (THIS DECLINE HAS BEEN IN THE 6 - 7% RANGE ANNUALLY). THIS YEAR THE DOWNTREND SHOULD BE ARRESTED AND WE ARE OPTIMISTIC THAT IT WILL BE REVERSED. AMERICANS APPEAR TO HAVE ADJUSTED TO THE ENERGY CRISIS WHICH KEPT MANY OF THEM AT HOME LAST SUMMER. A NEGATIVE FACTOR WHICH WILL WORK AGAINST AN INCREASE IN AMERICAN TRAFFIC THIS YEAR IS THE ████ PERFORMANCE OF THE AMERICAN ECONOMY. ALBERTA'S MOST IMPORTANT AMERICAN MARKET IS CALIFORNIA WHICH, DURING THE SUMMER MONTHS ACCOUNTS FOR 75 - 100,000 VISITORS TO ALBERTA.

ON THE MARKETING SIDE, ALBERTA IS INVOLVED IN THE CANADA WEST CONCEPT. BRITISH COLUMBIA, THE YUKON, THE NORTHWEST TERRITORIES, AND ALBERTA WILL PROMOTE A COMMON THEME IN DISTANT OR FOREIGN MARKETS. THE GOAL OF THE PARTNERSHIP IS TO INCREASE THE EFFECTIVENESS OF THE USAGE OF EACH OF THE PARTNER'S RESOURCES BY CO-OPERATING AND PRESENTING A COMMON FRONT. THE CONSORTIUM REFLECTS THE FACT THAT IF A VISITOR IS ATTRACTED TO THE WEST IN GENERAL, IT IS UNLIKELY THAT HIS VISIT WILL BE LIMITED TO ONE PROVINCE. WHILE MARKETING PROGRAMS ARE A PRIORITY ITEM, PLANNING, DEVELOPMENT, AND RESEARCH PROGRAMS WILL ALSO BE CONDUCTED TO SUPPORT THE CONCEPT.

IN 1980, THE CANADA WEST CONSORTIUM IS CONDUCTING A TRADE-ORIENTED AD CAMPAIGN COVERING THE UNITED KINGDOM, GERMANY, AND ^{ASIA} ~~ALBERTA~~. THERE IS ALSO JOINT PARTICIPATION AT RENDEZVOUS CANADA (WHICH IS THE SAME AS YOUR AMERICAN PROGRAM CALLED "ROUND-UP" BY UNITED STATES TRAVEL SERVICES) AND IN THE PREPARATION OF SOME SERVICING MATERIAL, AND AN AUDIO-VISUAL PRESENTATION. WE ARE ALSO INVOLVED IN TRAVEL AGENT PRESENTATIONS ON A CO-OPERATIVE BASIS.

INTERESTINGLY, PRECEDING CANADA WEST WE WERE INVOLVED IN A MONTANA - ALBERTA CO-OP IN CONJUNCTION WITH WESTERN AIRLINES. THE IDEA WAS TO PROMOTE MONTANA - ALBERTA AS A TOURISM DESTINATION IN MUTUAL MARKET AREAS - PARTICULARLY SOUTHERN CALIFORNIA. THE CO-OP CONSISTED OF THREE ELEMENTS - A JOINT ADVERTISING CAMPAIGN; JOINT PRODUCTION OF AN AUDIO VISUAL PRESENTATION; AND JOINTLY CONDUCTED TRAVEL AGENTS SEMINARS.

Remarks of Gar Anderson, Chairman
International Tourism Region Foundation
U.S. Senator Max Baucus
Conference on Trade and Tourism
Great Falls, Montana
June 30, 1980

For me it seems somewhat strange being from New England and addressing an international economic development conference on the subject of tourism. New England has traditionally been the least progressive of the eight economic development regions in the United States in terms of travel marketing.

Two years ago I attended a conference in Boston at which Doug Frechtling of the U.S. Travel Data Center pointed out that:

1. New England had the smallest number of destination trips of any of the eight U.S. regions.
2. New England's share of the U.S. travel market had substantially decreased during the five years prior to the conference, and
3. Individual travel budgets within the New England States had been maintained well behind inflation.

The speech that Doug gave two years ago sparked alot of action within New England in both the private and public sector. We now have a successful regional marketing program based on the "I'll take New England anyway" theme.

In addition, New England has a regional travel advisory board consisting of public and private sector representatives and a new travel committee organized under the auspices of the New England Council, our largest private sector organization.

By far, one of the most interesting and challenging programs currently underway is the effort to promote foreign travel to the Northeast. This effort was launched two years ago by the New England Governors and Eastern Canadian Premiers during their sixth annual conference in Whitefield, New Hampshire.

Originally conceived as an "International Heritage Trail" linking cultural facilities within the region, the emphasis was soon expanded to include the challenges and opportunities the partners could gain through a cooperative marketing effort in the rapidly increasing foreign travel market. Initially, a steering committee was formed to study the feasibility of this project and submit a report to the Governors and Premiers during their next meeting scheduled for L'Esterel, Quebec. Although the committee met only six times that year it was led by the drive and determination of its chairman, Mr. Hugh Conrod, then Deputy Minister of Tourism for Nova Scotia, and Mr. Alain Famy, the Director of Marketing for the Quebec Ministry of Tourism.

On June 27, 1979 a resolution was adopted by the Governors and Premiers establishing the International Tourism Region Foundation, approving an initial grant of \$ 200,000 and appointing one public and private sector Director plus an Alternate from

I.T.C also participated in international trade shows. For example, at Marketplace East in Niagara Falls, New York and Rendezvous Canada in Winnipeg, Manitoba, representatives of the Council met with foreign tour wholesalers and discussed the partner region concept. For this particular function, I.T.C. developed a sales kit describing the partner region and highlighting private sector businesses attending the marketplace.

With the assistance of an international marketing firm, the Council completed extensive research which clearly showed that the partner region has a natural product which can strengthen its international trade position, create stronger private sector earnings and produce more jobs for its citizens.

The study further stressed the competitive position of the International Tourism Region. Travelling costs are lower in our region than in all key European cities. For example, a hotel room with breakfast can cost \$ 172.27 in London; whereas a comparable room and breakfast costs \$ 67 in Montreal; a cocktail can cost as much as \$ 6.23 Canadian in Frankfurt but the same cocktail can be purchased for \$2.25 in Halifax and an average dinner a la carte cost \$43 in Paris and \$ 26.10 in Boston. Prices are even more advantageous within the rural areas of our region.

In terms of target markets, the analysis recommended the United Kingdom, France, Germany and the Netherlands; a market totalling 215 million people.

In these markets, it was noted that individual travel accounts for 85 to 90 percent of trips taken, 60 percent of these trips being arranged through travel agents. This accentuates the need to work within the travel trade to develop packages which offer flexible itineraries.

A review of North American gateways was also part of the analysis. It showed the potential of New York, which attracts nearly three times the number of passengers from London, Paris, Amsterdam and Frankfurt than the combined I.T.R. gateways of Montreal, Boston, Halifax and Bangor.

The study recommended shunting the existing New York flow of European visitors into the partner region. The study also isolated the airline routes originating from the target markets and analyzed the flight frequencies and service potential to our gateways.

Based on the results of the 1979/80 efforts, the Council recommended the following workplan for 1980/81:

The priorities will be:

Education and Training

Many of the small businesses within the private sector need

Last Friday, the Governors and Premiers adopted a joint resolution officially recognizing the International Tourism Region Foundation and providing funds for 1980/81.

I think it is interesting to note that the most positive features of the program to date has been the cooperation and communication established between government and the private sector on one hand, and the six states and five provinces on the other.

I personally have owned and operated several small businesses in the tiny resort town of Stowe, Vermont. It would have been impossible for me at the time to have even dreamed of marketing overseas. At the same time, I am convinced that the restaurants I owned, and the community in which I still live, offers tremendous appeal for the foreign traveler.

I admire the work that Senator Baucus has done on S2620, the Small Business Export Expansion Act of 1980. This bill can do a great deal to assist export development within our nation's small business community. I am additionally pleased that Senator Baucus has supported language in the bill which specifically mentions the foreign exchange earnings from tourism.

We are fortunate to have the services of USTS and CGOT available to us. As I mentioned before, our program has relied heavily on the market analysis developed by these two agencies. However, we have learned that there exists a dramatic need for preparation at the local level. Our federal agencies need our help in providing the individual marketing assistance and receptive services information the many small businesses which comprise our industry require.

I would like to mention that I am employed by the Vermont Hospitality and Travel Association - our State association of hotels and restaurants. We are small, have approximately 375 active members and a two person office. In allowing me time to work on this project, I believe my Directors have made a substantial investment in the future. They have not sat back to wait for government to do the whole job. Rather, they have created an encouraging partnership. This same partnership can happen here as well.

Thank you, Senator Baucus, for the leadership role you have showed us in the Senate. I pray your continued efforts will be successful.

I read on the plane out here that exports from U.S. firms were down 4.3 percent in May - the sharpest decline in almost two years - while imports over the month increased 6.4 percent. I think the work the Senate Select Committee on

REMARKS BY AMBASSADOR KENNETH M. CURTIS
U.S.-CANADA TRADE AND TOURISM CONFERENCE
GREAT FALLS, MONTANA
JUNE 30, 1980

THANK YOU FOR THE OPPORTUNITY TO PARTICIPATE IN
THIS JOINT TRADE AND TOURISM CONFERENCE.

TO THE CYNIC THIS MIGHT APPEAR TO BE ANOTHER GROUP
HOLDING ANOTHER SEMINAR ON U.S.-CANADIAN RELATIONS.

BUT THIS IS A GROUP REPRESENTING A REGION LARGER
THAN MOST COUNTRIES, AND, IN TRUTH, FAR TOO FEW REALIZE
THE DEPTH AND BREADTH OF ITS DAY-TO-DAY ACTIVITIES.

THE CANADIAN-U.S. RELATION PROCEEDS WITH SUCH EASE
THAT ABOUT ALL THAT CATCHES OUTSIDE ATTENTION ARE THE
OCCASIONAL PROBLEMS WE ENCOUNTER.

PROBLEMS WHICH ARE ONLY A FRACTION OF OUR BUSINESS.

LAST YEAR OUR TWO COUNTRIES DID A MAMMOTH 71 BILLION
DOLLARS WORTH OF BUSINESS.

TOURISM OFTEN SERVES AS THE CATALYST FOR IMPROVED
TRANSPORTATION AND COMMUNICATION LINKS.

IT HELPS TO CREATE SERVICE CENTERS, CONTRIBUTE TO
COMMUNITY DEVELOPMENT, AND INTRODUCE OPPORTUNITIES TO
ALERT BUSINESSMEN.

AND TOURISM IS BIG BUSINESS.

LAST YEAR SOME 12 MILLION CANADIANS VISITED THE
UNITED STATES; 10 MILLION AMERICANS VISITED CANADA.

THE INTERCHANGE IN THIS NORTHWEST AREA OF THREE STATES AND
THREE PROVINCES WAS ABOUT 1.4 MILLION AMERICANS NORTHBOUND,
AND 1.9 MILLION CANADIANS SOUTHBOUND.

SO IT IS TO OUR MUTUAL ADVANTAGE TO PROMOTE TOURIST ACTIVITY.

WE WANT TO INCREASE TRAVEL WITHIN THIS SIX STATE-PROVINCE
REGION, BUT I BELIEVE IT IS EVEN MORE IMPORTANT TO ATTRACT
TOURISTS FROM ELSEWHERE INTO THE REGION, TOURISTS FROM
ALL THE STATES AND PROVINCES, TOURISTS FROM ALL OVER THE
WORLD.

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IN MY HOME STATE OF MAINE, TOURS COMBINING NORTHERN NEW ENGLAND AND THE CANADIAN MARITIMES AND QUEBEC BECOME MORE ATTRACTIVE TO MANY TRAVELERS THAN A VISIT TO A SINGLE STATE OR PROVINCE.

THE CONNECTION IS SO NATURAL THAT THE EASTERN PROVINCIAL PREMIERS AND NEW ENGLAND STATE GOVERNORS HAVE ENGAGED IN JOINT TOURIST PROMOTION.

THERE ARE MANY PRACTICAL FUNCTIONS TOO THAT CAN BE PERFORMED BETTER AND MORE COMPREHENSIVELY BY JOINT ENTITY AND COMMON PURPOSE.

PRIVATE AND PUBLIC FUNDS CAN BE POOLED TO CONDUCT MARKET STUDIES, TO PRINT BROCHURES, AND TO MOUNT A MEDIA ADVERTISING CAMPAIGN.

PACKAGE TOURS AND SUGGESTED ITINERARIES CAN BE JOINTLY DEVELOPED FOR A WIDER PUBLIC.

MUCH OF THIS WAS DONE FROM THE STARTING POINT OF TOURISM.

YET SUCH IMPROVEMENTS CONTRIBUTE MUCH TO THE INCREASED
QUALITY OF LIFE IN COMMUNITIES AND TO REGIONAL INDUSTRIAL
DEVELOPMENT AND EXPANSION.

BECAUSE TOURISM IS SO OFTEN DEPENDENT ON A CLEAN ENVIRONMENT,
INDUSTRY TOO HAS HAD TO DEMONSTRATE ITS CITIZEN RESPONSIBILITY
IN CONTRIBUTING TO A BETTER LIFE FOR ALL.

IN THE TRADE FIELD, IN 1971, THE U.S. AND CANADA,
TOGETHER WITH MOST OTHER MAJOR TRADING NATIONS, TOOK A
GIANT STEP IN THE DIRECTION OF MORE LIBERAL TRADE BY
CONCLUDING THE MULTILATERAL TRADE NEGOTIATIONS (MTN).

THE RECENT VENICE SUMMIT MEETING CONFIRMED THE DECISION
OF THE MAJOR DEVELOPED COUNTRIES THAT OUR JOINT FUTURE DOES
NOT LIE IN PROTECTIONISM.

IN THE PAST, WE HAVE USUALLY LOOKED AT U.S.-CANADIAN
TRADE AS EITHER TOO LARGE, COUNTRYWIDE AND ACROSS-THE-
BOARD, OR TOO SMALL, IN TERMS OF SPECIFIC PRODUCTS, SUCH
AS AUTOMOBILES.

WE ARE NOW BEGINNING TO REALIZE THAT PERHAPS WE CAN LOOK
AT TRADE PROMOTION AND PLANNING WITHIN SPECIFIC AREAS
-- SUCH AS THIS SIX STATE-PROVINCE REGION.

THE FACT IS THAT MUCH OF OUR TRADE DOES OCCUR MORE NATURALLY
ON A NORTH-SOUTH REGIONAL BASIS.

IT HAS BEEN TRADITION TO THINK OF TRADE IN NATIONAL TERMS.

BUT A MORE PRACTICAL APPROACH MIGHT BE TO EFFECT THE
DESIRED BALANCE ON MORE REGIONAL CONSIDERATIONS.

THE U.S. EMBASSY IN OTTAWA AND OUR SEVEN CONSULATES
GENERAL IN CANADA HAVE BEGUN EXPERIMENTING WITH THE CONCEPT
OF REGIONAL TRADE PROMOTION.

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HOWEVER, IT IS EXPECTED THAT STATES AND PROVINCES WILL NOT UNDERMINE THE AGREEMENT BY ADOPTING UNREASONABLE "BUY REGIONAL" OR "BUY NATIONAL" POLICIES.

MANY U.S. STATES AND MOST CANADIAN PROVINCES NOW OBSERVE "BUY LOCAL/BUY NATIONAL" LAWS OR PRACTICES.

A REGIONAL GROUPING SUCH AS THIS WOULD PROVIDE A GOOD FORUM IN WHICH TO TALK ABOUT HOW OUR RESPECTIVE ECONOMIES ARE HINDERED OR, TO BE FAIR, BENEFITTED BY SUCH LAWS.

IN THE IMMEDIATE FUTURE, I WOULD LIKE TO SEE THE U.S. AND CANADA GET TOGETHER TO GO ON FROM WHERE THE MTN PRESENTLY STOPS.

I SHOULD LIKE TO SEE A FURTHER LIBERALIZATION OF PRESENT RESTRICTIVE TRADE POLICIES.

I SHOULD LIKE TO SEE A GREATER REFLECTION OF THE TRUE SPECIAL INTERESTS IN OUR TWO COUNTRIES.

IN THE COMING MONTHS WE MUST DETERMINE IF THESE PIPELINES ARE ACCEPTABLE ENVIRONMENTALLY AND VIABLE COMMERCIALY. WE MUST ALSO EXAMINE THE POSSIBILITIES OF LONG-TERM SWAPS, A CONCEPT WHICH HAS LONG EXISTED IN THE ELECTRICITY AREA.

ELECTRICITY EXCHANGES ARE IN PROGRESS, AND THERE IS STILL FURTHER POTENTIAL.

MANITOBA AND NEBRASKA ARE MOVING TOWARDS A PROJECT WITH A 1,000 MILE TRANSMISSION SYSTEM WHICH WILL PERMIT U.S. WINTER SURPLUSES TO COME TO CANADA IN EXCHANGE FOR CANADIAN SUMMER SUPPLIES.

FINALLY, IN ENERGY, ONE MUST MAKE REFERENCE TO THE LARGEST PROJECT OF ALL, THE ALASKA GAS PIPELINE.

THIS IMMENSE PROJECT, COSTING PERHAPS 24 BILLION DOLLARS, A FIGURE BEYOND THE REACH OF MOST POCKET CALCULATORS, WILL BRING ALASKAN GAS TO THE LOWER 48 STATES AND SIGNIFICANTLY REDUCE U.S. NEED FOR IMPORTED ENERGY, A MATTER OF GREAT URGENCY TO BOTH OUR COUNTRIES.

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SUCH ACCOMMODATION CLEARLY AND SUBSTANTIALLY LOWERS COSTS FOR WESTERN CONSUMERS ON BOTH SIDES OF THE BORDER.

IN SPEAKING TO THIS WESTERN AUDIENCE, I WOULD BE REMISS NOT TO MENTION AGRICULTURE, AND MORE SPECIFICALLY GRAIN.

FOR THE BREADBASKET OF THE WORLD IS THE UNITED STATES AND CANADA.

OUR TWO COUNTRIES PRODUCE MOST OF THE GRAINS AND ARE THE LARGEST EXPORTERS.

TOGETHER WE ACCOUNT FOR MORE THAN 70 PERCENT OF THE TOTAL WORLD TRADE IN FOOD AND FOOD GRAINS, AND WE HAVE THE TECHNICAL KNOWLEDGE AND POTENTIAL TO DO SO MUCH MORE.

SO IT IS NO WONDER THAT NORTH AMERICAN RESTRICTIONS ON GRAIN SHIPMENTS TO THE SOVIET UNION HAVE SERIOUSLY IMPACTED ON OUR FARMERS.

THE STORY GOES ON TO SAY: "MOSCOW IS ONE OF THE FEW SOVIET CITIES WHERE MEAT IS EVER AVAILABLE IN GOVERNMENT STORES."

BEYOND THE SOUND REASONS FOR THE GRAIN EMBARGO IT IS IMPORTANT THAT THE EFFORTS MADE IN BOTH COUNTRIES ARE APPRECIATED BECAUSE THIS IS A COMPLEX SITUATION -- ONE IN WHICH MISUNDERSTANDINGS CAN EASILY ARISE.

IN HIS SPEECH, THE PRESIDENT ANNOUNCED THAT 17 MILLION METRIC TONS OF GRAIN ORDERED BY THE SOVIET UNION IN EXCESS OF THE AMOUNT (EIGHT MILLION METRIC TONS PER YEAR) THE U.S. IS COMMITTED TO SELL UNDER A FIVE-YEAR AGREEMENT WOULD NOT BE DELIVERED.

FOR THE AGREEMENT YEAR ENDING SEPTEMBER 30, 1980, U.S. GRAIN EXPORTS TO THE U.S.S.R. WILL TOTAL EIGHT MILLION METRIC TONS.

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IN CANADA THE IMPACT HAS BEEN MOST HEAVILY UPON THE
WHEAT FARMER.

FOR OUR PART WE GREATLY APPRECIATE THAT CANADA HAS
COOPERATED IN RESTRICTING ITS EXPORTS TO THE SOVIET UNION.

THERE WILL ALWAYS BE CONCERNS THAT ONE SIDE OR THE OTHER
IS TAKING ADVANTAGE OF THE OTHER'S DIFFICULTIES, BUT IN THE
TRADITION OF THE OLD WEST, WE MUST TAKE CARE NOT TO SHOOT THE
PIANO-PLAYER.

WE NEED TO FACE DIFFERENCES OPENLY AND FRANKLY AS WE FACE
AGREEMENT SO OFTEN AND SO WELL.

IN THE CASES OF ARGUMENT I AM AWARE THAT THERE IS
ALWAYS SOMETHING TO SAY ON EITHER SIDE.

THE OPEN NO-HOLDS-BARRED EXCHANGE OF OPINIONS HAS ALWAYS
HELPED TO CLEAR THE TROUBLED AIR.

AS PROBLEMS ARISE BETWEEN OUR TWO COUNTRIES THEY SHOULD
BE VIEWED AS AN INEVITABLE PART OF EVERY-DAY ACTIVITIES, THE
PRICE OF MUTUAL RESPECT FOR EACH OTHER AND FOR THE MIRACLE OF
OPEN COMPETITION AND CLOSE COOPERATION.